

FORCED DISTRIBUTION

Rating officials, higher level reviewers and pay pools panel members are responsible for rating employees' performance. Ratings must not be force-fit into pre-established limits. This is called forced distribution, and the NSPS regulations ((5 CFR §9901.412(a)) expressly prohibit this practice.

This tip sheet provides guidance to help you understand the concept of forced distribution, why it is prohibited under NSPS, and how you can avoid it.

What is forced distribution?

Forced distribution is the assignment of performance ratings based on a pre-determined distribution of ratings using percentages of the population or numbers of employees. In forced distribution rating systems, employees are ranked relative to one another, rather than being evaluated according to individual employee job performance assessed against uniform rating criteria.

Why is this prohibited under NSPS?

The NSPS regulations expressly prohibit the use of forced or pre-determined ratings distribution. Forced distribution negates NSPS' goal to link pay to individual performance by recognizing the accomplishments of employees through an assessment of their performance on assigned job objectives against standard rating criteria. Rating officials and the pay pool panel must make distinctions based on individual performance and contributions compared to job objectives and Contributing Factors rather than based on how employee performance ranks against other employees.

How can you avoid it?

- Use the standardized Performance Indicators for each pay schedule and pay band to provide a common frame of reference for assessing performance and promoting consistency and equity across the organization.
- When deciding on a rating recommendation, only look at the performance of the individual employee. Only two factors should influence that decision: the pay pool's shared understanding of the meaning of the Performance Indicators and the Contributing Factor benchmark descriptors and the comparison between the individual's job objectives and the corresponding accomplishments.
- Be prepared to substantiate the performance and ratings of those whom you rate.
- Carefully examine the recommended ratings assigned by rating officials to ensure that rating officials apply criteria consistently and rigorously.
- Engage in ongoing dialogue about performance and how to properly apply NSPS performance criteria to ensure meaningful performance distinctions among employees, working together to achieve the NSPS goal of rewarding performance fairly, consistently and appropriately.

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Examples

Following are three examples of prohibited forced distribution practices.

EXAMPLE 1

A pay pool manager informs her management team that no more than 5 percent of employees can receive level 5 ratings; no more than 30 percent can receive level 4 ratings; and at least 60 percent must receive level 3 ratings. This communication can occur formally or informally.

Why is this forced distribution? Setting quotas for any or all rating levels is forced the distribution of ratings into a pre-defined pattern.

Why is this prohibited? Ratings may only be assigned based on an assessment of individual performance against established criteria. Establishing a pre-determined rating distribution based on percentages of the population or on bell curves is not permitted.

How can you avoid this? Do not set preconceived ideas or restrictions for yourself or others about what percentage of (or how many) employees can or will receive a rating.

EXAMPLE 2

The higher-level reviewer stops the rating official and tells him that he may assign only one level 5 rating for employees in his division.

Why is this forced distribution? Limiting the number of employees who can be rated at a level, such as level 5, is forcing the distribution to the other levels, regardless of employee performance.

Why is this prohibited? Telling a rating official that there is a limit on the number of level 5 ratings is another way of establishing pre-set limits or forcing the distribution of ratings.

How can you avoid this? When rating an individual, consider only the individual's performance against the job objectives, performance indicators, and contributing factor benchmark descriptors.

EXAMPLE 3

A performance review authority informs pay pool managers that he will not approve the ratings and payout results until the share value is at least 2 percent (where the pay pool funding level is fixed). This communication can occur formally or informally.

Why is this forced distribution? Share values depend on two factors: the amount of money in the pay pool fund and the total number of allocated shares. Since the dollar amount in the fund does not change, only changing the number of allocated shares can affect the value of each share. Requiring a pre-set share value entails limiting the number of allocated shares. Because shares are allocated based on ratings, limiting the number of shares may result in limiting the number of people who receive certain ratings. In essence, limiting share values is a round-about way to establish pre-set limits on ratings.

Why is this prohibited? To accomplish this goal requires the pay pool managers to force the distribution of ratings in order to reduce the number of shares allocated.

How can you avoid this? Within the pay pool panel meetings, examine and deliberate on ratings first, making final determinations based solely on performance. Then, address budget concerns and share distributions. If the number of shares cannot be adjusted within the established ranges sufficiently to disperse the entire pay pool fund without going over budget, then the pay pool manager should adjust the share value.